

**WILSON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
A COMPONENT UNIT OF WILSON COUNTY  
LEBANON, TENNESSEE**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION  
YEARS ENDED JUNE 30, 2009 AND 2008**

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.**  
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June 30, 2009 and 2008

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**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.**  
**ROSTER OF BOARD MEMBERS AND**  
**MANAGEMENT OFFICIALS**

June 30, 2009 and 2008

Mac McCluskey.....	Board Chairman
Ken Davis.....	Vice Chairman
Larry Lovvorn.....	Sec/Treasurer
Bill Jewell.....	Board Member
David Hale.....	Board Member
Bedford Johnson.....	Board Member
Terry Ashe.....	Board Member
Fred Burton.....	Board Member
Larry Stone.....	Board Member
Michael Jennings.....	911 Attorney
J.R. Kelley.....	Director

**INDEPENDENT AUDITORS' REPORT**

To the Comptroller of the Treasury  
and the Board of Directors  
Wilson County Emergency Communication District, Inc..  
A Component Unit of Wilson County  
Lebanon, Tennessee 37087

We have audited the accompanying financial statements of the business-type activities of the Wilson County Emergency Communication District, Inc., a component unit of Wilson County, as of June 30, 2009 and 2008 and for the years then ended as listed in the table of contents. These financial statements are the responsibility of the management of the Wilson County Emergency Communication District, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wilson County Emergency Communication District, Inc. as of June 30, 2009 and 2008 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2009 on our consideration of Wilson County Emergency Communication District, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 8 and the schedule of funding progress for pension on page 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Dempsey, Vantrease & Folles, PLLC*

Lebanon, Tennessee

September 30, 2009

## Management's Discussion and Analysis

This section of the Wilson County Emergency Communications Districts (a component unit of Wilson County) audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the financial statements, which follow this section.

### Financial Highlights

- The organization's net assets increased \$173,381 over the course of the fiscal year ended June 30, 2009 operations. The increase in net assets is a 8.24% increase from net assets of \$2,104,914 at June 30, 2008. In the fiscal year ended June 30, 2008, the Organization's net assets increased \$339,639 or 19.24% over net assets of \$1,765,275 at June 30, 2007
- There was an increase in net assets of \$173,381, which is a decrease of \$166,258 from \$339,639 increase in net assets for June 30, 2008. Net income from ongoing operations declined \$179,046 or (91.98)% from the fiscal year ending June 30, 2008, primarily due to increase in salaries and benefits, including OPEB cost. During the fiscal year ended June 30, 2008, income from ongoing operations decreased \$23,773 or 10.88% and the increase in net assets increased \$34,626 or 11.35% from the fiscal year ended June 30, 2007.
- The total cost of the Organization's activities rose by 27.26% in the fiscal year ending June 30, 2009. Increases in operating expenses were in salaries, employee benefits (including OPEB cost), contracted services, supplies and materials. The total cost of the Organization's activities rose 8.04% in the fiscal year ending June 30, 2008, due to increases in salaries, employer benefits, retirement contributions, professional fees, utilities, travel, and maintenance fees for emergency communications equipment.
- Balances of cash and certificates of deposit increased \$28,732 or 1.85% during the fiscal year ending June 30, 2009. In the fiscal year ending June 30, 2008 the balances of cash and certificates of deposit increased \$224,475 or 16.90%. The increase is primarily due to additional funding provided by the Tennessee Emergency Communications Board.

## Overview of the Financial Statements

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements of a proprietary fund offer short and long term financial information about the activities the government operates as a business. The financial statements also include notes that explain some of the information in the financial statements and provided more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

## Financial Analysis of the Organizations as a Whole

**Net Assets.** The Organization’s net assets increased \$173,381 between fiscal years 2008 and 2009. In comparison, net assets for the fiscal year ended June 30, 2008 increased \$339,659 from the fiscal year ending June 30, 2007. Income from ongoing operations decreased \$179,046 for the year ending June 30, 2009 and non-operating income increased \$12,788 or 8.82% for the year ending June 30, 2009.

### Wilson County Emergency Communications District

#### Net Assets

June 30, 2009 and June 30, 2008

<u>Account Name</u>	<u>2009</u>	<u>2008</u>	<u>%Change</u>
Current & Other Assets	\$1,787,846	\$1,702,215	5.03%
Capital Assets	<u>569,226</u>	<u>434,015</u>	31.15%
Total Assets	<u>\$2,357,072</u>	<u>\$2,136,230</u>	10.34%
Current and Other Liabilities	\$78,777	\$31,316	151.56%
Net Assets			
Invested in Capital Assets			
Net of Depreciation	569,226	434,015	31.15%
Unrestricted	<u>1,709,069</u>	<u>1,670,899</u>	2.28%
Total Liabilities &			
Net Assets	<u>\$2,357,072</u>	<u>\$2,136,230</u>	10.34%

Wilson County Emergency Communications District

Net Assets

June 30, 2008 and June 30, 2007

Account Name	2008	2007	%Change
Current & Other Assets	\$1,702,215	\$1,415,950	20.22%
Capital Assets	<u>434,015</u>	<u>385,833</u>	12.49%
Total Assets	<u>\$2,136,230</u>	<u>\$1,801,783</u>	18.56%
Current & Other Liabilities	\$31,316	\$36,508	(14.22)%
Net Assets			
Invested in Capital Assets			
Net of Depreciation	434,015	385,833	12.49%
Unrestricted	<u>1,670,899</u>	<u>1,379,442</u>	21.13%
Total Liabilities & Net Assets	<u>\$2,136,230</u>	<u>\$1,801,783</u>	18.56%

**Changes in net Assets.** The Organization's total revenues (excluding non-operating items) increased \$7,208 during the fiscal year ending June 30, 2009 and \$27,068 fiscal year ending June 30, 2008. Non-operating income increased \$12,788 during the fiscal year ending June 30, 2009. Approximately 91% of the Organization's income is derived from taxes charged on the telephone bills for emergency telephone service. The remaining non-operating source of income is principally investment income and state grants. Comparisons of changes in net assets are presented below:

Wilson County Emergency Communications District

Changes in Net Assets

June 30, 2009 and June 30, 2008

Account Name	2009	2008	%Change
Total Operating Revenues	\$885,187	\$877,979	.82%
Total Operating Expenses	<u>869,569</u>	<u>683,315</u>	27.26%
Operating Income	15,618	194,664	(91.98)%
Non-Operating Income	<u>157,763</u>	<u>144,975</u>	8.82%
Increase in Net Assets	<u>\$173,381</u>	<u>\$339,639</u>	(48.95)%



## Wilson County Emergency Communications District

### Changes in Net Assets

June 30, 2008 and June 30, 2007

Account Name	2008	2007	%Change
Total Operating Revenues	\$877,979	\$850,911	3.18%
Total Operating Expenses	<u>683,315</u>	<u>632,474</u>	8.04%
Operating Income	194,664	218,437	(10.88)%
Non-Operating Income	<u>144,975</u>	<u>86,576</u>	67.45%
Increase in Net Assets	<u>\$339,639</u>	<u>\$305,013</u>	11.35%

**Capital Assets.** As of June 30, 2009, the Organization had invested \$771,989 in capital assets including the building and land in which the operations are conducted and various items of office and communications equipment. As of June 30, 2008, the Organization had invested \$616,276 in capital assets. An inventory of all capital assets was taken on June 30, 2009. An annual physical inventory of all capital assets is planned for the close of business on June 30 each year. More detail about the Organization's capital assets is available in Note 4 to the financial statements.

The Organization's fiscal year 2010 capital budget projects \$32,700 additions to capital assets. The Organization has no plans or intentions to finance these additions but will use proceeds from ongoing operations, cash revenues, and grants to fund any purchases.

### Contacting the Organizations Financial Management

This financial report is designed to provide the citizens, taxpayers and customers of Wilson County of the Organizations finances and to demonstrate the Organization's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Wilson County Emergency Communications District, 1611 W Main Street, Lebanon, TN 37087

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**  
**STATEMENTS OF NET ASSETS**

**ASSETS**

	<b><u>June 30,</u></b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Current Assets</b>		
Cash & Cash Equivalents	\$ 199,516	\$ 506,205
Investments	1,383,271	1,047,850
Accounts Receivable	196,728	136,723
Prepaid Expenses	1,858	1,858
<b>Total Current Assets</b>	<b><u>1,781,373</u></b>	<b><u>1,692,636</u></b>
<b>Fixed Assets</b>		
Land	118,500	118,500
Building	434,855	389,945
Office Equipment	218,634	107,831
<b>Total</b>	<b><u>771,989</u></b>	<b><u>616,276</u></b>
Less Accumulated Depreciation	<b><u>(202,763)</u></b>	<b><u>(182,261)</u></b>
<b>Net Fixed Assets</b>	<b><u>569,226</u></b>	<b><u>434,015</u></b>
<b>Other Assets</b>		
Prepaid Service Lease, net	<b><u>6,473</u></b>	<b><u>9,579</u></b>
<b>Net Other Assets</b>	<b><u>6,473</u></b>	<b><u>9,579</u></b>
<b>Total Assets</b>	<b><u>\$ 2,357,072</u></b>	<b><u>\$ 2,136,230</u></b>

The accompanying notes are an integral part of these financial statements.

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**  
**STATEMENTS OF NET ASSETS**

**LIABILITIES AND NET ASSETS**

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
<b>Current Liabilities</b>		
Accounts Payable	\$ 12,382	\$ 17,560
Accrued Payroll	10,877	7,495
Payroll Deductions Payable	17	227
Compensated Absences	4,498	6,034
<b>Total Current Liabilities</b>	<u>27,774</u>	<u>31,316</u>
<b>Other Liabilities</b>		
Net OPEB Liability	<u>51,003</u>	<u>-</u>
<b>Total Liabilities</b>	<u>78,777</u>	<u>31,316</u>
<b>Net Assets</b>		
Invested In Capital Assets	569,226	434,015
Unrestricted	<u>1,709,069</u>	<u>1,670,899</u>
<b>Total Net Assets</b>	<u>2,278,295</u>	<u>2,104,914</u>
<b>Total Liabilities &amp; Net Assets</b>	<u><u>\$ 2,357,072</u></u>	<u><u>\$ 2,136,230</u></u>

The accompanying notes are an integral part of these financial statements.

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**

	Years Ended June 30,	
	<u>2009</u>	<u>2008</u>
<b>Operating Revenues</b>	\$ 885,187	\$ 877,979
<b>Operating Expenses</b>		
Salaries and Wages	369,713	297,160
Employee Benefits	173,304	90,721
Contracted Services	222,894	213,782
Supplies & Materials	38,780	25,477
Other Charges	32,108	30,979
Miscellaneous Expenses	135	45
Depreciation	29,528	22,044
Amortization	3,107	3,107
Total Operating Expenses	<u>869,569</u>	<u>683,315</u>
<b>Operating Income/(Loss)</b>	15,618	194,664
<b>Nonoperating Revenues/(Expenses)</b>		
Loss on Disposal of Asset	(316)	-
Interest Income	45,523	72,756
State Emergency Communications		
Board Grants	112,531	72,082
Miscellaneous Income	25	137
Total Nonoperating Revenues/(Expenses)	<u>157,763</u>	<u>144,975</u>
<b>Increase in Net Assets</b>	173,381	339,639
<b>Net Assets, Beginning of Year</b>	<u>2,104,914</u>	<u>1,765,275</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 2,278,295</u></u>	<u><u>\$ 2,104,914</u></u>

The accompanying notes are an integral part of these financial statements.

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash Flows From Operating Activities</b>		
Cash Received From Charges for Services	\$ 825,207	\$ 813,220
Cash Payments To Suppliers for Goods and Services	(472,400)	(360,769)
Cash Payments to Employees for Services	(317,074)	(298,087)
<b>Net Cash Provided By Operating Activities</b>	<b>35,733</b>	<b>154,364</b>
<b>Net Cash Provided By Noncapital Financing Activities</b>		
State of Tennessee ECB Grants	112,531	67,582
<b>Cash Flows From Investing Activities</b>		
Purchase of Certificates of Deposit	(335,421)	(62,972)
Purchase of Equipment	(165,055)	(70,226)
Interest On Investments	45,523	72,756
<b>Net Cash (Used In) Investing Activities</b>	<b>(454,953)</b>	<b>(60,442)</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(306,689)</b>	<b>161,504</b>
<b>Cash &amp; Cash Equivalents at Beginning of Year</b>	<b>506,205</b>	<b>344,701</b>
<b>Cash &amp; Cash Equivalents at End of Year</b>	<b>\$ 199,516</b>	<b>\$ 506,205</b>

The accompanying notes are an integral part of these financial statements.

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating Income/(Loss)</b>	\$ 15,618	\$ 194,664
<b>Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities</b>		
Depreciation	29,528	22,044
Amortization	3,107	3,107
Miscellaneous Income	25	137
<b>Change in Assets and Liabilities</b>		
Accounts Receivable	(60,006)	(64,896)
Accounts Payable	(5,178)	235
Accrued Payroll	3,382	1,477
Payroll Deductions Payable	(210)	160
Net OPEB Liability	51,003	-
Compensated Absences Payable	(1,536)	(2,564)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 35,733</u>	<u>\$ 154,364</u>

The accompanying notes are an integral part of these financial statements.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.  
A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Wilson County Emergency Communication District, Inc. was established pursuant to Tennessee Code Annotated 7-86-101 for the purpose of providing emergency services through the use of a three digit (911) telephone number. The District is a component unit of Wilson County, Tennessee, the primary government. Wilson County appoints the board members of the District and must approve the District's issuance of long-term debt. Even though the District is financially independent of the Wilson County primary governmental unit, it is accountable to that unit.

**Basis of Accounting**

The District is considered to be a business-type activity (proprietary fund) which is used to account for and report those governmental activities that are designed to be self-supporting from fees charged to consumers of the funds' goods and services. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises. That is, revenues are matched with expenses, and net income is determined using accrual accounting methods. The District's financial statements have been prepared in conformity with all applicable GASB pronouncements as well as all Financial Accounting Standards Board pronouncements issued prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Operating Revenues**

Operating revenues are received from various phone companies by law as more fully described in Note 3. All revenues not part of these legally required payments for emergency telephone service have been classified as non-operating.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.  
A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Capital Assets**

As more fully described in Note 4, capital assets are recorded at cost and depreciated over their useful lives using the straight line method.

**Budgets and Budgetary Accounting**

Per Tennessee Code Annotated Section 7-86-120, the Board is legally required to adopt and operate under an annual budget. All monies received and expended by the district must be included in the budget. The district cannot expend any monies regardless of source except in accordance with the legally adopted budget. Budgetary control for emergency communications districts is legally set at the line-item level.

The Board Follows these procedures in establishing the budgetary data reflected in the additional information section:

- a) Formal budgetary integration is employed as a management control device during the year for the business-type activity. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b) The Board of Directors approves an annual detailed budget. Any revisions made during the year must be approved by the Board of Directors.
- c) The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**NOTE 2 - CASH - CHECKING AND SAVINGS**

The District maintains three bank accounts and a petty cash account with the following balances at June 30, 2009:

Petty Cash	300
Operating Account	(55,860)
Savings Account	255,076
Total Cash	<u>\$ 199,516</u>



**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 2 - CASH - CHECKING AND SAVINGS – CONTINUED**

The District uses a “sweep account” for its operating account whereby the cash remaining in the bank at the end of the business day is “swept” into the savings account and transferred back into the operating account as needed to cover checks. Accordingly, the \$55,860 deficit shown for the operating account above represents the outstanding checks at June 30, 2009. Funds will be transferred back to the operating account from savings as needed to cover the outstanding checks.

The District also had nine certificates of deposit with a total balance at June 30, 2009 of \$1,383,271. This amount has been classified as investments on the statement of net assets.

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows: All deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105% of the value of the deposit secured thereby. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the district.

Deposits with savings and loan associations must be collateralized by one of the following methods: 1) By an amount equal to 110% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) By an irrevocable letter of credit issued by the Federal Home Loan Bank; or, 3) By a surety bond issued by an insurance company licensed under the laws of the State of Tennessee whose claims paying ability is rated in the highest category by at least two nationally recognized statistical rating services.

The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits. Wilson County Emergency Communications District, Inc. had no deposits with savings and loan associations during the period under audit. The bank balances at June 30, 2009 are entirely covered by FDIC insurance and the state bank collateral pool.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.  
A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 3 - ACCOUNTS RECEIVABLE**

At June 30, 2009 the District had \$196,728 in accounts receivable. Of this amount, \$16,078 was due from AT&T, \$10,861 was due from Tennessee Telephone, \$157,684 was due from the State Emergency Communications Board, and \$12,105 was due from other companies. These receivables represent amounts that are collected by the telephone companies and then remitted to the District. The amount due from the State ECB also includes equipment purchase reimbursement funding in the amount of \$71,759. Each residential customer is charged \$.55 per month and each commercial customer is charged \$1.67 per month. Additionally, the District receives \$.25 per cellular phone from the Tennessee Emergency Communications Board. No allowance for uncollectible accounts is considered necessary.

**NOTE 4 - CAPITAL ASSETS**

All capital assets are recorded at historical cost. Depreciation is determined using the straight line method over the estimated useful lives of the respective assets of seven to thirty-nine years. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

A summary of changes in capital assets follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 118,500	\$ -	\$ -	\$ 118,500
Other Capital Assets:				
Office Equipment	107,831	119,846	9,043	218,634
Building	389,945	45,210	300	434,855
Total Other Capital Assets at Historical Cost	497,776	165,056	9,343	653,489
Less Accumulated Depreciation for:				
Office Equipment	82,203	15,248	8,933	88,518
Building	100,058	14,280	93	114,245
Total Accumulated Depreciation	182,261	29,528	9,026	202,763
Other Capital Assets, Net	315,515	135,528	317	450,726
Business Type Activities Capital Assets, Net	\$ 434,015	\$ 135,528	\$ 317	\$ 569,226

Depreciation expense for the year ended June 30, 2009 amounted to \$29,528.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.  
A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 5 – EQUIPMENT MAINTENANCE**

In a prior year, an amount was paid to the telephone companies for the use of public safety answering point (PSAP) equipment. This was a one-time charge to the District. The telephone companies own the equipment and have title to it. A monthly fee is paid to the telephone company for maintenance of said equipment. The amount paid varies from month to month. A total of \$155,776 was paid for the fiscal year ended June 30, 2009.

**NOTE 6 – ACCRUED COMPENSATION**

All full-time employees of the District accrue vacation based on years of service. Vacation is earned on a calendar year basis, and must be taken in the year earned. At June 30, 2009, the District's had \$4,498 of accrued compensation.

**NOTE 7 - RISK FINANCING ACTIVITIES**

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. Those risks include general liability, property and casualty, worker's compensation and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 8 - PENSION EXPENSE**

**(A) Plan Description**

Employees of Wilson County Emergency Communication District, Inc. are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 8 – PENSION EXPENSE – Continued**

**(A) Plan Description, continued**

Annotated(TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Wilson County Emergency Communications District, Inc. participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/ps](http://www.tn.gov/treasury/tcrs/ps)

**(B) Funding Policy**

Wilson County Emergency Communication District, Inc. has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

Wilson County Emergency Communication District, Inc. is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 11.65% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Wilson County Emergency Communication District, Inc. is established and may be amended by the TCRS Board of Trustees.

**(C) Annual Pension Cost**

For the year ending June 30, 2009 Wilson County Emergency Communication District, Inc.'s annual pension cost of \$28,271 to TCRS was equal to Wilson County Emergency Communication District, Inc.'s required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.  
A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 8 – PENSION EXPENSE – Continued**

**(C) Annual Pension Cost, continued**

increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Wilson County Emergency Communication District, Inc.'s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 7 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008

**Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$28,271	100.00%	\$ 0.00
June 30, 2008	\$23,863	100.00%	\$ 0.00
June 30, 2007	\$21,988	100.00%	\$ 0.00

**(D) Funded Status and Funding Progress**

As of July 1, 2007, the most recent actuarial valuation date, the plan was 86.94% percent funded. The actuarial accrued liability for benefits was \$0.24 million and the actuarial value of assets was \$0.21 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0 million, and the ratio of the UAAL to the covered payroll was 17.78% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 8 – PENSION EXPENSE – Continued**

**(D) Funded Status and Funding Progress, continued**

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$213	\$245	\$32	86.94%	\$180	18.78%

**NOTE 9 – GIS MAPPING MAINTENANCE**

During the fiscal years ended June 30, 2009 and 2008, the Wilson County Emergency Communication District, Inc. paid \$15,500 per year for the maintenance of a computerized mapping system that will be titled to Wilson County. These payments have been included in the contracted services balance on the statement of revenues, expenses, and changes in net assets. The District received a grant from the State of Tennessee to offset the costs of this project. Through June 30, 2009, the District received \$40,000 of grant funds.

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS(OPEB)**

The District's full-time employees are included in Wilson County's plan for health, dental and prescription coverage. The Wilson county plan is a single employer plan that offers pre-65 retirees and dependents one of two plans depending on when the participant is hired (before or after March 1, 2000). Once a participant turns age 65, the health plan provision provides medical benefits through a Medicare Supplement Plan and prescription drug benefit through the county's self-insured plan. Upon death, retirees receive a \$2,000 life insurance benefit.

An employee who retires or becomes disabled from the District is eligible for retiree health coverage upon meeting one of the following requirements: (1) hired prior to July 1, 1992;

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

ten years of service with the last eight consecutive, (2) hired between July 1, 1992 and August 31, 1998; age 45 with ten years of service with the last eight consecutive, or (3) hired on or after September 1, 2008; the earlier of age 55 with ten years of service with the last eight consecutive; age 60 with ten years of service with the last year under the plan; or at any age with 30 years of service.

If a retiree is eligible for health insurance coverage and spouse coverage has been in effect for a minimum of one year prior to the employee's retirement, the plan will also provide health coverage for the retiree's spouse. This coverage will continue for as long as the spouse lives, even if the retiree dies before the spouse.

Eligible retirees are not required to share the cost of health insurance. Eligible dependents and disabled former employees who do not meet retirement eligibility requirements are required to share the cost of health insurance.

Annual OPEB Cost and Net OPEB Obligation

The OPEB cost and net OPEB obligation were estimated based on the January 1, 2007 actuarial valuation for Wilson County's plan as a whole, which includes the District's employees. The District's portion of the OPEB cost and obligation were not separately determined in that report. Therefore, an estimated cost per participant was determined based on the total cost divided by the number of participants as reported in the valuation report. This average cost per participant was then multiplied by the number of the District's active and retired participants at June 30, 2009 to arrive at the OPEB cost and liability of \$51,003. The OPEB cost is included in employee benefits on the statements of revenues, expenses and changes in net assets.

ARC	\$ 51,003
Interest on the NPO	-
Adjustment to the ARC	-
Annual OPEB cost	<u>51,003</u>
Amount of contribution	-
Increase/(decrease) in NPO	<u>51,003</u>
Net OPEB obligation, 07/01/2008	-
Net OPEB obligation, 06/30/2009	<u>\$ 51,003</u>

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.  
A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year end
06/30/09	Postemployment Benefits Plan	\$ 51,003	0%	\$ 51,003

\*Data not available for two preceding years

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial valuation date	01/01/07
Actuarial accrued liability (AAL)	\$ 463,581
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 463,581
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 240,402
UAAL as a % of covered payroll	193%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the January 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used.



**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.  
A COMPONENT UNIT OF WILSON COUNTY**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

The actuarial assumptions included a 5.5 percent discount rate, an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of 5.5 percent after seven years, and an annual dental cost trend rate of five percent. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**  
**June 30, 2009**

**SCHEDULE OF FUNDING PROGRESS FOR PENSION**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$213	\$245	\$32	86.94%	\$180	18.78%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry date actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year of the most recent actuarial valuation date, therefore only the most current year is presented.

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT  
BENEFITS (OPEB)**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 463,581	\$ 463,581	0%	\$ 240,402	193%

\*Data not available for two preceding years

**INDEPENDENT AUDITORS' REPORT ON**

**ADDITIONAL INFORMATION**

To the Comptroller of the Treasury  
and the Board of Directors  
Wilson County Emergency Communication District, Inc.  
A Component Unit of Wilson County  
Lebanon, Tennessee 37087

Our report on our audits of the financial statements of Wilson County Emergency Communication District, Inc., a component unit of Wilson County, for the fiscal years ended June 30, 2009 and 2008 appears on page 3 - 4. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of revenues and expenses compared to budgeted revenues and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Dempsey, Vantrease & Follis, PLLC*

Lebanon, Tennessee

September 30, 2009

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**  
**SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES**  
**COMPARED TO BUDGETED REVENUES AND EXPENSES**

Year Ended June 30, 2009

	<u>Actual</u>	<u>Budgeted</u>	<u>Difference Over (Under)</u>
<b>Operating Revenues</b>			
Emergency Telephone Service Charge	\$ 885,187	\$ 841,200	\$ 43,987
<b>Operating Expenses</b>			
<b>Salaries &amp; Wages</b>			
Director	48,784	48,470	314
Dispatchers	265,462	272,808	(7,346)
Administrative	50,332	50,321	11
Longevity Pay	5,050	5,150	(100)
Overtime Pay	85	3,400	(3,315)
<b>Total Salaries &amp; Wages</b>	<u>369,713</u>	<u>380,149</u>	<u>(10,436)</u>
<b>Employee Benefits</b>			
Social Security	22,794	22,627	167
Medicare	5,331	5,486	(155)
Medical Insurance	63,195	59,150	4,045
Life Insurance	235	240	(5)
Unemployment Compensation	2,475	2,500	(25)
OPEB Cost	51,003	-	51,003
Retirement Contributions	28,271	37,915	(9,644)
<b>Total Employee Benefits</b>	<u>173,304</u>	<u>127,918</u>	<u>45,386</u>
<b>Contracted Services</b>			
Addressing/Mapping Expenses	3,480	8,004	(4,524)
Advertising	2,215	2,400	(185)
Audit Services	4,489	4,400	89
Legal Services	10,800	10,800	-
Lease/Rental Communications Equipment	155,776	219,868	(64,092)
Maintenance & Repairs -			
Mapping/Data Base Consultants	23,240	48,000	(24,760)
Buildings & Facilities	14,206	18,000	(3,794)
Office Equipment	8,688	8,000	688
<b>Total Contracted Services</b>	<u>222,894</u>	<u>319,472</u>	<u>(96,578)</u>

See Auditors' Report on Additional Information

**WILSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.**  
**A COMPONENT UNIT OF WILSON COUNTY**  
**SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES**  
**COMPARED TO BUDGETED REVENUES AND EXPENSES**

Year Ended June 30, 2009

	Actual	Budgeted	Difference Over (Under)
<b>Supplies &amp; Materials</b>			
Office Supplies	\$ 5,095	\$ 4,900	\$ 195
Custodial Supplies	1,264	3,600	(2,336)
Data Processing Supplies	736	600	136
Postage	623	600	23
Utilities -			
Electric	9,455	8,700	755
Gas	1,261	1,500	(239)
Water	699	640	59
General Telephone	17,840	18,000	(160)
Cell Phone & Pagers	1,807	1,820	(13)
<b>Total Supplies &amp; Materials</b>	<u>38,780</u>	<u>40,360</u>	<u>(1,580)</u>
<b>Other Charges</b>			
Bank Charges	37	34	3
Dues & Memberships	2,320	2,400	(80)
Employee Testing & Exams	1,869	1,800	69
Insurance -			
Workers Compensation	2,609	2,000	609
Liability	1,576	2,000	(424)
Building & Contents	1,779	1,800	(21)
Surety Bonds	394	800	(406)
Training Expenses	3,530	8,100	(4,570)
Travel	17,994	40,000	(22,006)
<b>Total Other Charges</b>	<u>32,108</u>	<u>58,934</u>	<u>(26,826)</u>
<b>Miscellaneous Expenses</b>	135	-	135
<b>Depreciation</b>	29,528	22,800	6,728
<b>Amortization</b>	3,107	3,108	(1)
<b>Total Operating Expenses</b>	<u>869,569</u>	<u>952,741</u>	<u>(83,172)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Loss on Disposal of Assets	(316)	-	(316)
Interest Income	45,523	35,860	9,663
Miscellaneous Income	25	240	(215)
State Emergency Communications Board Grants & Reimbursements	<u>112,531</u>	<u>35,000</u>	<u>77,531</u>
<b>Total Nonoperating Revenues/(Expenses)</b>	<u>157,763</u>	<u>71,100</u>	<u>86,663</u>
<b>Increase in Net Assets</b>	<u><u>\$ 173,381</u></u>	<u><u>\$ (40,441)</u></u>	<u><u>\$ 213,822</u></u>

See Auditors' Report on Additional Information

**WILSON COUNTY EMERGENCY COMMUNICATION DISTRICT, INC.**

**SCHEDULE OF INFORMATION REQUIRED BY THE  
TENNESSEE EMERGENCY COMMUNICATIONS BOARD  
(UNAUDITED)**

**June 30, 2009 and 2008**

- a. The number of public safety answering points (PASP). 1
- b. The address of each PSAP. 1611 West Main Street, Lebanon, TN 37087
- c. The type of system/equipment and database used by each PSAP. Enhance 911, positron interface w/BellSouth database
- d. The name, address, telephone number and fax number of the director of the emergency communications district.

Wilson County Emergency Communications District, Inc.  
1611 West Main Street  
Lebanon, TN 37087

Phone # 615-449-7155  
Fax # 615-443-3911

Director's Name: J.R. Kelley

- e. The name, address, telephone number and fax number of the chairman of the emergency communications district.

Mac McCluskey  
14001 Lebanon Road  
Old Hickory, TN 37138

Fax # 615-443-3911

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Wilson County Emergency Communication District, Inc.

We have audited the financial statements of the business-type activities of Wilson County Emergency Communication District, Inc., as of and for the year ended June 30, 2009, which collectively comprise the Wilson County Emergency Communication District, Inc.'s basic financial statements and have issued our report thereon dated September 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wilson County Emergency Communication District, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wilson County Emergency Communication District, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wilson County Emergency Communication District, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Wilson County Emergency Communication District, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Wilson County Emergency Communication District, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Wilson County Emergency Communication District, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Wilson County Emergency Communication District, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilson County Emergency Communication District, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tennessee Code Annotated Section 7-86-120 states that no emergency communications district may spend money except in accordance with an adopted budget. Wilson County Emergency Communication District, Inc. expenses did exceed its adopted budget in various categories. The budget should be amended prior to spending the additional funds in order to prevent this from occurring.

This report is intended solely for the information and use of management, the board of directors, and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

*Dempsey, Ventrease & Hollis, PLLC*

Lebanon, Tennessee

September 30, 2009